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Free trade in land

London

1885

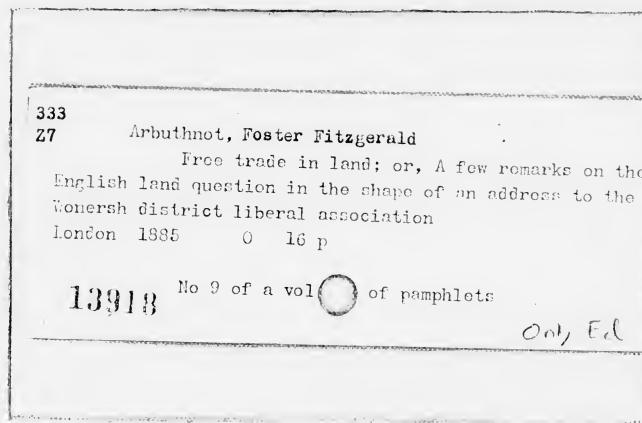
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FREE TRADE IN LAND;

OR,

A Few Remarks on the English Land Question

IN THE SHAPE OF

An Address

TO THE

WONERSH DISTRICT LIBERAL ASSOCIATION.

✓

BY
F. F. ARBUTHNOT,
President of the Association.

—♦—

PRINTED BY CASSELL & COMPANY, LIMITED,
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1885.

FREE TRADE IN LAND.

Of all the questions in England that are now raging around, the land question is one of the most important, and the present agricultural depression may have a very great influence on its future settlement, and may lead to a complete revolution in this country with regard to the systems now in force. The excessive value of agricultural land may disappear, and with it entails, mortgages, jointures, and settlements, all of which press too heavily upon the land, and prevent its becoming, at present, a real marketable commodity.

The causes of the present agricultural depression are numerous. Some people will tell you that the depression is entirely owing to Mr. Gladstone and his policy. Others say that it is solely due to the abolition of the corn laws, and the removal of protection, and that the only remedy is a return to what they now term "fair trade." These admit that England has now got a cheap loaf, but entirely at the expense of all agricultural interests. Others lay down that it is the consequence of a repeated series of bad seasons, and that if these were to improve, everything would rise and flourish as before. In fact, everybody has his own ideas on the subject, and mine are that the depression may be perhaps due to two causes of earlier date, viz., the discovery of printing and of the power of steam. Printing gave

a start to education and civilisation, while steam has annihilated distance and rendered travelling and transport comparatively easy both by sea and land.

It is impossible here to enter into full details of the effects of these two discoveries upon agriculture in Great Britain. It is sufficient to state that education is beginning to teach people that it does not pay to put their money and labour into another man's land; while steam has equalised prices all over the world, and made it possible for produce to be transported anywhere at a moderate cost.

One thing that steam has done for England, it has certainly sent down the value of wheat. It is said that the price of wheat is now lower here than it has ever been before, and landlords and farmers tell you that wheat can now only be grown at a loss, and that all competition, or even any attempt at competition with foreign wheat, is out of the question. If such is the case—which I do not believe—then farmers must turn their attention to other kinds of produce, with which they can compete with the foreigner. I admit that with land only to be bought or rented at a high price, and with high taxes upon it, there must be some difficulty in competing with land bought or rented at a low price, and with little or no taxation upon it.

However, it is not regarding the profits and losses of farming that I propose to discourse to you this evening, but it is about the land which forms the basis of the land question. And here I may remark, that in speaking of land I refer chiefly to agricultural land and its value. Lands used, or likely to be used, for building purposes, accommodation land, or land required for special purposes, possess a value of their own, and are turned to their best account by their respective owners. There seem to be at present several causes affecting the ready sale of agricultural land, and affecting also the land itself. These are—

Free Trade in Land.

1. Its high price in excess of its real value, and which consequently keeps the seller and the purchaser apart, and thus restricts its free sale.
2. The high tithes and taxes levied on the land also prevent purchasers and curtail profits.
3. The want in many cases of free ownership, so that the actual owner in possession cannot do what he likes with his property.
4. Absence of tenants willing to take up and to cultivate farms as they used to do in years gone by.
5. Expenses of sale and transfer of land, and difficulties connected with title-deeds.
6. Want of knowledge of agriculture, manuring, crop-growing and stock-keeping, on the part of the farmer.

These six subjects will be dealt with in detail. But before proceeding farther, two things must be laid down as fundamental principles on which the prosperity of all land is based; the one is that land requires both a deal of capital and a deal of labour, without which it cannot improve, or produce superior crops; the other, to let every owner or permanent occupant of land do exactly what he pleases with land actually in his own possession as regards the selling of it, the letting of it, the cultivation of it, the management of it—create, in fact, the absolute owner and permanent holder. You are doubtless aware that there are several schemes afloat for what is called the nationalisation of land in this country. Mr. Frederick Harrison says, "There are at least three schools of opinion, and each may be subdivided into many others. The first calls for the expropriation of landlords, with compensation to be fixed by a land court; the second, for their expropriation without compensation; while the third insists on the expropriation of capitalists generally, and not of landlords exclusively. The first is a measure akin to the Irish legisla-

tion of Mr. Gladstone, on a scale enormously bigger; the second is a measure of revolutionary confiscation; the third is collectivism or communism, pure and simple. My contention is that these three schools are so utterly antagonistic, that it is useless to talk about the nationalisation of land until we have settled which of the three things we understand by the term. At present people often speak as if the machinery were a matter of detail. It is hardly a detail (to be settled in committee) whether or not we ask the State to find a sum of £2,000,000,000 (say two thousand millions sterling). Something more serious is involved than the literary effect of Mr. George's argument, or the symmetry of the clauses in the new Bill. For my part, I attach no definite meaning to a scheme wherein this gigantic alternative is left in blank."

It is to be regretted that many people talk and write about the nationalisation of land in such a loose and airy way. They propound theories which are perfectly impracticable, and make proposals which are simply impossible. It is evident that they do not understand, and have not thoroughly mastered, the complicated systems of land tenures now existing, and it is also evident that they have never had anything to do either with the farming or management of land in any part of the world.

Persons who propose a complete nationalisation of the land in England might with advantage pass a little time in India, and study the land tenures there. Under what is called the ryotwari system in that country, the Government is supposed to be the owner of all that land, which is in a manner nationalised, *i.e.*, there is no one between the Government and the occupants, who hold the land in perpetuity, with power to give it up, to let it, or sell it, as they please, so long as they pay the annual rental of their holdings, the said rental being generally revised and resettled every thirty years.

But though such a system may work well in India, it

does not follow that it would work at all in England. In India the peasants engaged in agricultural operations are very numerous, their holdings are very small, and they are fairly industrious. At the same time they live excessively cheaply, their wants are few, and the climate is much in their favour as compared with the colder climates of Europe, this being in itself a very great economy.

It may be said that the owners of land in England stand in the same position as the ryot to the Indian Government, and that the former pay taxes, while the latter pay rent, or land tax, as it is called. But the owners of land in this country frequently do not pay the tithes and taxes, but shunt them on to the tenant, or mix them up with his rent, so that they are really paid by the tenant and not by the owners. Still, the owners of agricultural land in Great Britain have many burdens to bear, and their future is certainly not of the brightest. The value of agricultural land must fall, alas! to the ruin of many owners, and continue falling till it becomes profitable to deal with it. Tenants will become more exacting, and if they do not get their own terms, and good terms too, they will carry their capital and labour beyond the sea. Besides, there is the ghost of many ancestral halls, not the imaginary ghost which is often said to exist in them, but the real ghost in the shape of the family solicitor, dragging behind him, with heavy clanking chains, mortgages, jointures, and settlements on the property, which have to be met and faced along with other difficulties.

I will now return to the details about the causes which are affecting the selling, letting, and distribution of land in England at the present time. The first is the high price of land in excess of its real value, and which keeps the seller and the purchaser apart, and thus restricts its free sale. If you study the advertisements in the *Times*, the *Field*, and other papers, you will find that quantities of land are

offered for sale, but the sales are comparatively few as compared to the many lots offered. This must be attributed alone to the excessive reserve prices placed on the land. Again, under the settled Land Act of 1882, there are many Estates in the market, and more to follow, but the sales are few and far between, because of the high reserve. As an instance of this I may quote a case with the particulars of which I am well acquainted. A property was offered for sale under the Act alluded to, and a reserve of £50,000 was placed upon it, that being far in excess of its real market value. Of course there was no sale. The owner, however, was either determined or obliged to part with the property, and it was accordingly sold a few months afterwards for £25,000, which happened to be about the price that was bid for the property at the auction.

Owners of land cannot be forced to sell by any legislative enactment, except, of course, for public purposes; but the force of circumstances will soon bring about forced sales, and these will bring land down to its real value as a marketable commodity, and not allow it to remain at its present luxurious price.

As regards the high tithes and taxes levied on the land, these perhaps require judicious legislative treatment. If possible, both extraordinary and ordinary tithes should be abolished, and compensation paid by the State. But, on the other hand, it should be enacted that all Government rates and taxes on land are to be paid by the owner of it, and not by the tenant, except in those cases where the tenant is the permanent holder, with a fixed tenure and freedom of sale, and paying only a fixed and perpetual ground-rent to the original landlord or his heirs. In such cases (they will be more numerous hereafter than they are at present) the Government rates and taxes might be paid by the permanent occupant.

Such a measure would lead to a greater distribution of

land. The owner would keep as much land as he desired, the whole of his estate if he wished, in his own hands and under his own administration, and on this he would pay all the rates and taxes. For any of his land that he might let for fixed periods he would receive only rent from his tenant, the Government rates and taxes being paid by himself as landlord. But in cases where the owner or landlord wished to be rid of all responsibilities, on his handing over the land to a permanent holder on payment of a fixed and perpetual ground-rent, the rates and taxes would then be paid by the said occupant or holder.

I now come to the want, in many cases, of free ownership, so that the actual owner in possession cannot do what he likes with his property.

A man dies, leaving a large landed estate to his eldest son. If the estate is free of debt, with no settlements or other incumbrances upon it, and the heir is absolute owner of the property, with power to sell or dispose of it as he pleases, then he has come into a fine inheritance, and is quite the master of it.

But in many cases the heir discovers that the mortgages on the property require a deal of annual interest; that the payments to be made to his mother, brothers, sisters, and others, all charged upon the estate, are considerable; and that there is very little left for him to keep up the estate, or, indeed, to live upon. The farms are let to bad tenants, but he cannot afford to get rid of them, as he might not be able to secure better ones, and has no capital to work the property himself. Good opportunities offer for selling some portions of the land, but this he cannot profit by, as the estate is strictly entailed; and should he propose to sell under the Settled Lands Act, the whole family would be probably up in arms against him. And so the poor man has to struggle on, the land going from bad to worse in condition, and he himself obliged to keep up a position which really he has not

the proper means of maintaining, and which must be a source of constant worry and annoyance.

The first step, then, to any real solution of the land question in England is to do away with entail and settlement of estates, and to create the absolute owner, who can do what he likes in every way with his property during his life, and leave it at his death to anybody he chooses, his successor dealing with it in exactly the same way. Of course, it will be said that such measures will break up in time all the large estates in the United Kingdom, and throw more land into the market. But this must come in time. The England of to-day is very different from the England of a hundred years ago. Education and steam have brought about an entirely different state of affairs, and, to my idea, the greater the distribution of the land, the better the chance of agricultural prosperity, and the land will reap the benefit from the increased capital and labour expended upon it.

I now come to the present difficulty in finding tenants willing to take up and cultivate farms as they used to do in years gone by.

At present, both in England and Scotland, there are, I believe, many farms on the hands of the owners, which they are unable to let at even very moderate rents. In some cases, it is said, farms are simply kept going by tenants without the payment of any rent at all, because the owners cannot afford to work them themselves, or to settle up accounts with the out-going tenants. In other cases I have heard of farms being offered free of rent to anybody who will work them for the time being.

There must be many reasons for such a state of affairs. One, doubtless, is, that men with capital and farming instincts and tastes now prefer to put their money into their own land in colonies, now only a few weeks' distant by steam, rather than to spend it upon another man's land in England. Another reason is, the present doubt and uncertainty about

the settlement of the land question here. Another, the high rents, rates, and taxes, bad seasons, and so on. Anyhow, it is a case in which it is impossible to legislate, and the owners of the land must do what they can for themselves in the matter.

In this county, and also in many others, where the owners of land can afford to do so, they have begun to farm their land themselves; and this is the very best thing that can be done both for themselves and for the land. But some cases must occur in which the owners are unable to do this; what then? Why, they must rent their lands on the best terms they can make for themselves, or sell them at their market value. But even if both of these fail, and the lands must be got rid of, the last card will then have to be played, and the owner will have to be satisfied with a fixed perpetual ground-rent, giving to the permanent occupant fixity of tenure, freedom of sale, and a settled rental in perpetuity.

It is not to be supposed that such a system will be introduced yet awhile into this country. It is, however, bound to come in time, and there is only one thing that can prevent it, and that is a tremendous fall in the value of land. If a person could buy land in this country at a real low prie, plenty of buyers will be found, who will put their capital and labour into the soil, and land would become a marketable commodity, which it certainly is not at present.

But whether fixity of tenure or low value of land is the settlement of the future, one thing is certain, that free trade in land cannot be introduced without considerable alterations in connection with the expenses of sale and transfer of land, and the inquiries into the title-deeds.

On this subject Mr. Emile de Laveleye, in a series of articles on "A Great People under Bad Laws," writes as follows in the *Pall Mall Gazette*:

"The insecurity existing with respect to title-deeds, the difficulties connected with mortgages and settlements, and the absolute necessity of carefully preserving all deeds, have created a dark forest around the possession of property in England, into which anyone may well dread to enter. If the title-deeds of an estate be lost, or mislaid, the estate itself is in danger. If, for safety, one selects to deposit them with a firm of solicitors, they may be turned to bad account. We have an example of this in the Parker firm, who recently failed so scandalously. One dare not purchase the smallest bit of property without consulting one's lawyer, at considerable cost, as to the security, and this even he can never guarantee. Safety is nowhere to be found, and everyone is always fearful of being robbed or disturbed in the possession of property. There does not exist in the entire world such another complicated and shadowy system, nor one so well organised for making the fortunes of legal men at the cost of their clients, the holders of land and of mortgages, and for effectually preventing the possession of property by small capitalists.

"What a good thing it would be for England if the agrarian system which Austria has established in a space of four years in Bosnia could be adopted here! At Sarajevo a public register of land (*cadaster*) has been drawn up, giving the size of each piece of land, its nature, how much it brings in, and the name of its owner. Sales and exchanges are easily effected. The name of the buyer is inscribed in the public register, and he runs no risks. All mortgages are also public, so that every guarantee is given to creditors who mortgaged the land, and to those willing to purchase or to advance money on the property. This very simple and yet perfect system has now been adopted in all civilised countries, and with complete success."

The basis of any land settlement must be, first, a survey. Now, in England, it happens that the Ordnance Survey has

almost completed its work; so that, from it, and other surveys, complete maps of the land are available. The Survey must be followed by a Field Register, showing the number of each field, the name of the owner, the name of the occupant, the tenure, the area, the rental, the boundaries, &c., &c.; and to this should be added a column, showing the abstract of title, or that title had been proved for so many years back, so that this, at all events, might be settled once for all. As new owners and new occupants will be constantly brought upon this register, space will have to be provided on this account. In addition to the Field Register, there will have to be prepared registers for existing mortgages and settlements; for future mortgages (it is to be hoped that settlements on land will be abolished); for sales and transfers; and for applications for them. Further details are here unnecessary, except that land registry, transfer and sale offices will have to be opened everywhere.

Such a system would give land a real marketable value, and enable an owner to sell a field or an estate with as much ease as he would sell a pig or a bullock in the local market. But the opposition to any such scheme will be enormous. The whole of the legal profession will declare against it. All the firms calling themselves "Land and Estate Agents" will be up in arms. Half the press will probably denounce it as totally impracticable, and financially impossible. Expensive it will doubtless be, but the results will be worth the expenditure. We may not live to see such a settlement introduced throughout the United Kingdom, but let us hope that it is already conceived in the womb of the future, and that time will develop it and bring it forth in triumph.

I now come to the want of knowledge of the science of agriculture, which exists to a very great extent in this country. Doubtless there are many good farmers, but there are also many bad ones. Nowadays it is not sufficient only to plough the land, clean it a bit, and put in the seed; a

farmer ought to understand thoroughly the nature of soils, the qualities of all kinds of manure, and their effect upon different soils, the rotation of crops, and above all he must understand everything connected with cattle, sheep, and pigs, for without them it is impossible to make farming pay. The milk and the butter, the eggs and the chickens, the ducks and the geese, the turkeys and the bees, out of all of which small profits are to be made, can be left to the farmer's wife. With a good and an educated knowledge of the above subjects between them, they can be trusted to make both ends meet, provided that the size of the farm is not beyond the extent of their capital. Many farmers are ruined in this country by trying to do too much with very limited means; the consequence is, they are always behind-hand, their land is never clean or well-cultivated, and the crops are never good, and do not obtain a good market value. Fixity of tenure, and a larger distribution of land, will help to remedy this evil, but it is one which affects considerably both the land and its value.

In conclusion, I do not place much faith in legislative enactments in England or Scotland, in favour of either the landlord or the tenant. The two must be left to fight it out. If the landlord cannot let his lands at what he considers a fair price, or on good terms, why, he must cultivate them himself, and administer his own property. If he cannot afford to do this, or his estates are too large, then let him sell what he cannot manage himself, or dispose of them as he pleases. So much for the landlord. As for the tenant, if he is wise, he should get the land on the best terms that he can make for himself, bearing always in mind that a permanent tenure, a fixed rent, and freedom of sale, are more advantageous to himself and to his capital than any other terms that may be offered to him. At the same time I adhere to the legal measures recommended some pages back. These are :

1. The abolition of both extraordinary and ordinary tithes.
2. The payment of the Government rates and taxes by the actual owner of the land, except where it is let to a permanent holder at a fixed rental in perpetuity, when the permanent holder for the time being would be responsible for them.
3. The prohibition of entail, and of jointures and settlements on estates.
4. The establishment of land registry offices to deal with the sale, transfer, and title of lands generally on payment of moderate fees.

And on this last subject I may quote the views of Mr. John Merriman, ex-Minister of Public Works at the Cape, and one of the cleverest men in South Africa, as given lately in the *Pall Mall Gazette* :

"The work of your democracy is just beginning. So far from the Liberals for the next fifty years having nothing whatever to do, they have everything to do; and the first thing that wants doing is to reform your land laws. In this you cannot do better than follow the Colonial example. The registration system which prevails at the Cape is one of the most perfect in the world. Land is as salable as sugar. You want a similar system in this country, in order to begin to cure the evils connected with the agricultural interest in England. When a man wishes to buy a plot of land at the Cape, he simply goes to the registration office, where he finds the name of the owner, and of the mortgagees who have a lien on the land. He sees at a glance the exact position of the property, and in half an hour the whole ceremony of transfer is completed, and at a trifling expense the new title is registered, and the land passes into his hands once for all. Contrast this system with that which prevails in this country (the endless delays, the vast legal expenditure, the obstacles

and formalities of every kind) and you will not wonder that the Colonist is simply scandalised by the system which prevails here. You must cut it up by the roots if you are to get really to the bottom of the agricultural depression, and enable this country to compete with the rest of the world."

THE END.

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